

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 885 [NW951E]
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885. Mr D Bergman (DA) to ask the Minister of Finance:

- (1) With reference to the amalgamation of the (a) Modimolle and (b) Mookgophong Local Municipalities in Limpopo, what is the total amount paid to each municipality in equitable share (i) for each of the past five municipal financial years and (ii) since 1 June 2016;
- (2) What is the total equitable share allocated to Lim368: Modimolle and Mookgophong since the amalgamation after the 2016 local government elections;
- (3) (a) how is the equitable share calculated and (b) on what date were the amounts paid to each municipality?

NW951E

REPLY:

(1)

Pre and Post Elections Equitable Share Transfers

Modimolle

Financial Year R'000	July	Nov	Dec	March	Total
2011/12	19,065		16,693	12,517	48,275
2012/13	23,497	18,798		14,098	56,393
2013/14	23,868	19,094		14,321	57,283
2014/15	23,213	19,378		15,882	58,473
2015/16	24,906	18,409		14,944	58,259
2016/17	9,100				9,100

Mookgopong

Financial Year R'000	July	Nov	Dec	March	Total
2011/12	9,509		4,555	5,826	19,890
2012/13	10,732	8,586		6,440	25,758
2013/14	11,860		6,471	7,254	25,585
2014/15	13,436		7,422	9,194	30,052
2015/16	17,308		6,284	440	24,032
2016/17	6,324				6,324

LIM 368

Financial Year R'000	Aug	Nov	Dec	March	Total
2016/17	23,137		30,716	23,136	76,989

- (2) The local government equitable share allocation for LIM368 for 2016/17 in the 2016 Division of Revenue Act was R92.5 million. In the 2017 Division of Revenue Bill the allocation to LIM368 is R93.4 million; and the indicative allocations for 2018/19 and 2019/20 are R100.8 million and R107.3 million respectively.
- (3)(a) The Explanatory Memorandum to the Division of Revenue (available at www.treasury.gov.za and printed in the 2017 Division of Revenue Bill) sets out in detail how the local government equitable share allocations are calculated.

The Local Government Equitable Share (LGES) mainly funds free basic services for poor households in each municipality. For the purposes of the LGES formula, a poor household is defined as a household with an income less than the value of two state old age pensions. The number of poor households used in the LGES formula is based on the 2011 Census but is updated each year based on estimated household growth. The LGES also includes allocations for the institutional costs of municipalities and to subsidise other community services. Funds for community services and institutional costs are only allocated to municipalities with less ability to fund these costs from their own revenues.

The household numbers used to allocate the LGES since 2016 reflect the new municipal boundaries. The changes to municipal boundaries resulted in some significant changes to municipal allocations in 2016/17. To cushion the impact of these changes, all municipalities received at least 95 per cent of the equitable share formula allocation indicatively allocated to them in 2016/17 in the 2015 Division of Revenue Act. For merged municipalities, this guarantee was based on the sum of the equitable share allocations to the previously separate municipalities.

Additional funding was also allocated to the newly formed municipalities to support them with the costs of implementing the new demarcations. LIM368 was allocated R13.4 million in 2016/17 through the Municipal Demarcation Transition Grant. In 2017/18 the municipality is allocated R4.6 million through this grant.

- (3)(b) The dates on which the local government equitable share is transferred to each municipality are prescribed in section 5(3) of the annual Division of Revenue Act. In 2016, local government equitable share transfers took place on 4 July 2016, 31 August 2016, 1 December 2016 and 17 March 2017. The 31 August 2016 transfer was made in terms of section 38 of the 2016 Division of Revenue Act which allowed for an additional transfer date for re-demarcated municipalities.